

## Message Text

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10  
ACTION EA-09

INFO OCT-01 IO-13 ISO-00 DEAE-00 CIAE-00 INR-07 JUSE-00

NSAE-00 SNM-02 TRSE-00 USIA-06 NSC-05 OES-06 OMB-01

SS-15 /065 W  
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R 310742Z AUG 76  
FM AMCONSUL HONG KONG  
TO SECSTATE WASHDC 1828  
INFO AMEMBASSY BANGKOK  
AMEMBASSY RANGOON  
AMEMBASSY SINGAPORE  
AMEMBASSY VIENTIANE  
USMISSION GENEVA

C O N F I D E N T I A L HONG KONG 10246

E.O. 11652: GDS  
TAGS: SNAR HK  
SUBJECT: HKG VIEW OF RECENT NARCOTICS SEIZURES.

SUMMARY: SEIZURES OF LARGE SHIPMENTS OF NARCOTICS IN RECENT WEEKS HAVE NOT CHANGED THE HKG'S ASSESSMENT THAT SHIPMENTS TO HK ARE DESITINED FOR THE LOCAL MARKET AND NOT FOR RE-EXPORT.

END SUMMARY.

1. SEIZURES OF NARCOTICS OVER THE PAST THREE WEEKS HAVE NETTED APPROXIMATELY \$US15 MILLION WORTH OF OPIUM, HEROIN, AND MORPHINE BASE. THE RUN OF SUCCESS BY HKG AUTHORITIES BEGAN WITH A FIND OF APPROXIMATELY \$US1.3 MILLION WORTH OF OPIATES, DISCOVERED SECRETED IN AN INGENIOUSLY DESIGNED COMPARTMENT ABOARD A JAPANESE FREIGHTER HERE ON AUGUST 12. THREE DAYS LATER, A MAJOR HAUL OF 1,550 LBS. OF OPIUM WAS UNCOVERED ON AN OUTLYING ISLAND WITHIN HONG KONG WATERS. THIS SHIPMENT WAS VALUED AT APPROXIMATELY \$US6 MILLION. A FURTHER SEIZURE OF MAJOR PORPORTIONS OCCURRED ONE WEEK LATER ON AUGUST 19 WHEN \$US 5 MILLION OF OPIUM, HEROIN AND MORPHINE BASE  
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WERE FOUND CACHED ON ANOTHER UNINHABITED ISLAND. A SERIES

OF SMALLER SEIZURES AT KAI TAK AIRPORT OVER THE LAST WEEK  
HAVE BOOSTED THE VALUE OF RECENT HKG EFFORTS TO THE \$US 15  
MILLION LEVEL.

2. THE OVERWHELMING SIZE OF THE SEIZURES RELATIVE TO THOSE  
IN RECENT YEARS LED TO INITIAL SPECULATION FROM SOME QUARTERS  
THAT HONG KONG HAD ONCE AGAIN STEPPED INTO THE FOREFRONT AS  
A RE-EXPORT CENTER FOR NARCOTICS. THIS THEORY SEEMS TO HAVE  
LITTLE SUBSTANCE. ALTHOUGH THESE SEIZURES ARE AMONG THE LARGEST  
INDIVIDUAL CACHES FOUND IN RECENT YEARS, PLACED IN THE CONTEXT  
OF PAST SEIZURES, THEIR TOTAL REPRESENTS THE SIZE OF AN AVERAGE  
TRAWLER LOAD OF NARCOTICS. DISCUSSIONS BETWEEN HKG COMMISSIONER  
FOR NARCOTICS, E.I. LEE, AND CONGENOFF HAVE REVEALED THAT THE  
HKG HAS NOT FOUND IT NECESSARY TO REEVALUATE THEIR ASSESSMENT  
OF THE PROBLEM. THE HKG CONTINUES TO BELIEVE THAT MAJOR SYN-  
DICATES NO LONGER DOMINATE THE NARCOTICS TRAFFIC, AND THAT SHIP-  
MENTS TO HONG KONG ARE DESTINED FOR THE LARGE LOCAL MARKET (ESTI-  
MATED AT 100,000 ADDICTS) AND ARE NOT VFOR RE-EXPORT. THIS SEEMS  
TO BE A REASONABLE CONCLUSION, BASED ON THE FACT THAT INTERNAL  
DEMAND RELATIVE TO SUPPLY (REFLECTED BY A \$US 200 PRICE PER OUNCE  
FOR OPIUM) IS VERY HIGH, AND THAT PRESSURE ON TRAFFICKERS REMAINS  
INTENSE. INCENTIVE FOR SHIPPING NARCOTICS TO HONG KONG  
CLEARLY LIES IN TAKING ADVANTAGE OF HIGH PRICES HERE. RISKS  
INHERENT IN USING HONG KONG AS A PROCESSING AND TRANS-SHIPMENT  
CENTER CERTAINLY OUTWEIGH ANY ADVANTAGE WHICH MIGHT POSSIBLY BE  
GAINED BY USING HONG KONG AS A MARKETING CHANNEL. BASED ON INTELL-  
IGENCE AVAILABLE TO THE HKG, HOWEVER, LEE FEELS THAT THERE ARE  
INDICATIONS THAT A SMALL-SCALE SYNDICATE MAY HAVE SUCCEEDED IN  
REACTIVATING A LOW LEVEL OF TRAWLER TRAFFIC BETWEEN (PRESUMABLY)  
THAILAND AND HONG KONG. LEE DOES NOT BELIEVE THAT THIS SYN-  
DICATE IS FINANCIALLY ABLE OR WELL-ENOUGH ORGANIZED TO WITH-  
STAND MANY SEIZURES OF THIS SIZE, BUT HE FEELS IT STILL MAY BE  
POSSIBLE, GIVEN CURRENT PRICES, FOR TRAFFICKERS TO LOSE 80  
PERCENT OF SHIPMENTS AND STILL BREAK EVEN. (POST COMMENT: DEA  
SAIC FEELS LEE MAY BE UNDERESTIMATING THE STRENGTH OF THESE  
SMALLER SYNDICATES.) THAT THESE SEIZURES WERE MOST  
LIKELY BASED ON SPECIFIC INFORMATION LEAKED FROM WITHIN THE  
ORGANIZATION MAY, IN COMBINATION WITH CONTINUED HEAVY PRESSURE  
FROM THE HKG, LEAD TO THIS ORGANIZATION'S EARLY DEMISE.

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## Message Attributes

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